Company XYZ manufactures one model of fiberglass row boat. The following information relates to budgeted and actual production for XYZ company during 2015.

**Standard Costs for one row boat is as follows:**

Direct material:

Fiberglass compound 6 gallons@ $24.00/gallon $144.00

Direct labor: 2 hours @$25.00/hour $ 50.00

Variable overhead: $6.00/direct labor hour $ 12.00

Fixed overhead: $240,000 per year (applied using direct labor hours)

$60/dlh = $240,000/4,000 dlh

**Budgeted production and sales 2,000 row boats**

**Budgeted selling price $500.00/row boat**

**Other Information:**

Variable Selling and Administrative costs

Shipping $ 50 per row boat

commissions ( 4% of selling price) $ 20 per row boat

Fixed Selling and administrative costs $125,000 per year

XYZ, planned sales for 2015 2,000 row boats

**During 2015:**

Actual units produced and sold= **1,800 row boats**

Actual selling price = $485.00 row boat.

12,000 gallons of fiberglass compound were purchased costing $289,800 and 10,710 gallons were used in production.

Direct labor cost for 2015 was $85,500 and 3,420 hours direct labor hours during the year.

**Actual manufacturing overhead costs incurred in 2015 were:**

Variable overhead = $ 22,230

Fixed overhead = 232,875

Total = $ 255, 105

**Actual Selling and administrative costs incurred in 2015 were:**

Shipping costs $ 93,600

Commissions $ 34,560

Fixed Selling and Administrative $123,500

1. Develop a flexible budget profit plan (income statement) for 2015 listing all revenues and expenses in a contribution margin format.

2. Determine the sales price and sales volume variances (calculate the sales volume variance based on budgeted contribution margin).

3. Determine the material price and efficiency variances for fiberglass compound. The price variance should be computed on materials purchased.

4. Determine the direct labor price and efficiency variances.

5. Compute the variable manufacturing overhead spending and efficiency variances.

6. Compute the fixed manufacturing overhead spending and production volume variances.